



Memorandum

Date: May 25, 2006

To: Honorable Chair and Members of the Redevelopment Agency

From: Carolyn Y. Smith, President

Subject: SEDC Fiscal Year 2006-2007 Budget Salary Ranges

Attached for your review is the Southeastern Economic Development Corporation's (SEDC) proposed FY 2006/07 salary ranges. The net salary cost for FY 2006/07 has decreased 1.9% (or \$37,900) from the previous 2005/06 fiscal year. SEDC has been at or below 14 positions since 1995. This is due to the fact that SEDC continues to employ the strategy of augmenting its professional staff with consultants. During this same time period (1995-2006) the level of redevelopment has resulted in a 509% increase to the tax increment generated within SEDC's area of influence.

As a point of clarification, there are certain positions which indicate an increase on the upper end of the range of between \$10,000 and \$15,000. The ranges are not representative of actual increases but are an attempt to bring the positions up to industry standards. Individual eligible increases are limited to 4% within the approved range. The 4% increase is consistent with the salary ranges allowed under the City of San Diego's (City) budget guidelines. This has been verified by the City's Office of the Independent Budget Analyst.

Please note, SEDC has not increased its ranges for two fiscal years (see Attachment B).

Finally, it is important to note the following:

1. The administrative cost for SEDC and CCDC are not funded at all by the City's General Fund;
2. Unlike the Redevelopment Agency (internal to the City) the employees of SEDC and CCDC are not City employees;
3. SEDC and CCDC's primary source of income is tax increment. In addition, land sale proceeds and developer deposits help off-set on-going project cost. If we are not successful in our redevelopment efforts we will not produce the tax increment necessary to sustain ourselves (subsidy free) and carry-out the responsibilities outlined in our operating agreements with the Agency (which is a separate legal entity from the City of San Diego); and
4. SEDC and CCDC have always reimbursed the City for all services including but not limited to finance, planning, development services and legal thus providing a revenue source to the City.

CYS:kk

Attachment A: SEDC Fiscal Year 2006/07 Budget Salary Ranges

Attachment B: SEDC Fiscal Year 2004/05 and 2005/06 Budget Salary Ranges

c: James T. Waring, Deputy Chief Operating Officer

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